

## RECORD OF PROCEEDINGS

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### MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD MARCH 19, 2015

A regular meeting of the Board of Directors (referred to hereafter as "Board") of the Paint Brush Hills Metropolitan District (referred to hereafter as "District") was held on Thursday, the 19<sup>th</sup> day of March, 2015, at 7:00 p.m. at the Paint Brush Hills Metropolitan District Office, 9830 Liberty Grove Drive, Falcon, Colorado 80831. The meeting was open to the public.

#### ATTENDANCE

##### Directors In Attendance Were:

Kim Griffin  
Calvin Pollard  
Doug Burrer  
John Bruszenski

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the absence of Director Roberts was excused.

##### Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq.; White Bear Ankele Tanaka & Waldron, P.C. (via speakerphone)

Ricardo Goncalves, PE; RG and Associates, LLC

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

**Disclosure of Potential or Existing Conflicts of Interest:** The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Mr. Gomes noted that a quorum was present and requested members of the Board disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No conflicts were noted.

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### ADMINISTRATIVE MATTERS

**Agenda:** Mr. Gomes reviewed the proposed agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Griffin and, upon vote, unanimously carried, the Agenda was approved, as presented.

**Public Comments:** There was no public comment.

### CONSENT AGENDA

**Consent Agenda:** The Board considered the following actions:

- Acknowledge Manager's Report
- Acknowledge Staff Report
- Acknowledge Operations Report
- Approve Minutes of the February 19, 2015 Regular Meeting
- Acknowledge 2015 Budget Priorities

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the consent agenda.

### FINANCIAL MATTERS

**Claims:** The Board considered approval of the payment of claims for the period ending March 19, 2015, as follows:

General Fund	\$	19,925.16
Debt Service Fund	\$	-0-
Enterprise Fund	\$	47,647.09
<b>Total Claims:</b>	\$	<b><u>67,572.25</u></b>

Mr. Gomes reviewed the claims with the Board.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Griffin and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending March 19, 2015, as presented.

**Financial Statements:** Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending February 28, 2015.

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Following review and discussion, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending February 28, 2015, as presented.

### **Wells Fargo Capital Lease-Purchase Refunding with Farmers State Bank:**

#### **Farmers State Bank Capital Lease-Purchase and Execution of documents necessary to effectuate the issuance of the Lease-Purchase Agreement with Farmers State Bank:**

Mr. Gomes reported that the Board-appointed committee consisting of Directors Burrer and Pollard, and himself, had negotiated with Farmers State Bank (FSB) to refinance the District's existing Wells Fargo Capital Lease-Purchase (CLP). The result of this negotiation was previously reported to the Board. The Water Rights Valuation Opinion rendered by District Water Counsel Paul Anderson was delivered to FSB on March 9, 2015. FSB is in the process of drafting the CLP agreement for review by Attorney Tanaka. Director Burrer noted that the District will gain financially in two ways with the refinancing: first, the release of approximately \$256,000 in the Wells Fargo Loan Payment Reserve Account; and second, a CLP payment reduction of approximately \$25,000 per year for the term of the CLP. Mr. Gomes further reported to the Board that FSB was working on the CLP documents without the benefit of Legal Counsel. Attorney Tanaka stated that she had concerns with the collateral arrangement proposed by FSB for the District to deed to FSB certain real properties. Attorney Tanaka reported that she had discussed this matter with Bond Counsel K.C. Veio of the law firm of Kline Alvarado Veio, and that Attorney Veio was willing work with this District on this matter.

The Board entered into discussion regarding the termination of the Wells Fargo Lease-Purchase Agreement dated March 29, 2005, the proposed Farmers State Bank Capital Lease-Purchase terms, and execution of documents necessary to effectuate the issuance of the Lease-Purchase Agreement with Farmers State Bank.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the Farmers State Bank Capital Lease-Purchase and execution of documents necessary to effectuate the issuance of the Lease-Purchase Agreement with Farmers State Bank, subject to resolution of the collateral issue and final review by legal counsel.

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### **OPERATIONS AND MAINTENANCE**

#### **Electronic Read Transmitter Installations:**

Mr. Gomes reported to the Board that the physical requirements of meter reading have become increasingly challenging to the current Operations Team. There are 495 properties in the District that do not have Electronic Read Transmitters (ERTs) installed. This requires walking 14.64 miles each month to perform the meter reads for these properties. The ERT reads are performed by driving through the routes where ERTs exist. There are two proposed solutions: install ERTs at the 495 properties where they do not currently exist and/or hire a part time meter reader.

The estimated cost of installing ERTs is \$100,000. Mr. Gomes proposed that the Board consider implementing this solution incrementally and hiring a part time meter reader in the interim. Mr. Gomes advised that Ms. Kelcey Riggs could perform meter reads, and recommended hiring a part time meter reader to split the routes with her. The estimated cost for a part time meter reader is \$78 per month, working a maximum of six hours per month (\$10 per hour plus payroll costs).

The Board discussed and considered approval of Electronic Read Transmitter installations.

Following discussion, the Board determined to consider taking action on this matter in 2016, and to apply for grants applicable to this project.

**Part-Time Meter Readers:** The Board entered into discussion regarding part-time meter readers.

Following discussion, the Board determined to have all meter-reading performed by Ms. Kelcey Riggs and to evaluate the need for a part-time meter reader following the determination of Ms. Riggs' ability to perform this task alone.

**District Office and Shop Facility:** District Engineer Rick Goncalves presented a proposed site plan for a granulated activated charcoal water filtration system, water chlorination station, combined District Office and Shop facility, additional one-million gallon water storage tank, and the above-ground relocation of the booster station pump controls into a building atop the current booster pumps vault. Mr. Goncalves also presented a proposed floor plan for the combined District Office and Shop.

Mr. Goncalves discussed the cost of relocating the raw water lines from Wells 1 and 2 to the tank site. He recommended that these two wells be filtered at their

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respective well sites. He informed the Board that a pilot granulated active charcoal filtration program is available through the vendor who will deliver and install a portable filtration system in the District to determine its effectiveness. The Board requested that Mr. Goncalves obtain the cost of doing the pilot.

The Board entered into discussion with the District Engineer regarding the floor plan of the District Office and Shop facility. The Board requested that Mr. Goncalves add a third bay to the Shop and proportionately increase the size of the Office. The Board also requested the addition of a shower in the Shop restroom.

Mr. Goncalves recommended that there be a land survey conducted on the District tank site to determine property boundaries, easements, and utilities on the site.

Following discussion, the Board directed Mr. Gomes to obtain a proposal from Land Development Consultants to perform a land survey on the tank site for an amount not-to-exceed \$5,000. The Board further directed Mr. Goncalves to provide a District Office and Shop floor plan with the Board-requested modifications at the April 16, 2015 Board meeting.

Mr. Goncalves advised that the Board may want to consider having him prepare a Water Master Plan. Mr. Goncalves will provide a cost estimate to prepare the plan. He was also asked to provide a proposal for preparing a Dawson Replacement Plan.

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### **OTHER BUSINESS**

**SDA Regional Workshop:** Mr. Gomes advised the Board that the SDA Regional Workshop has been scheduled for June 25, 2015 in Fountain.

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### **ADJOURNMENT**

There being no further business to come before the Board at this time, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the meeting was adjourned.

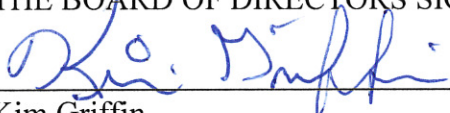
Respectfully submitted,

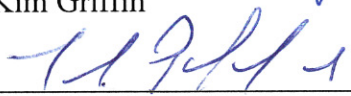
By \_\_\_\_\_  
Secretary for the Meeting


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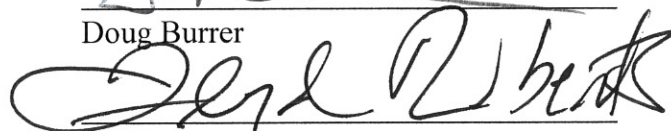
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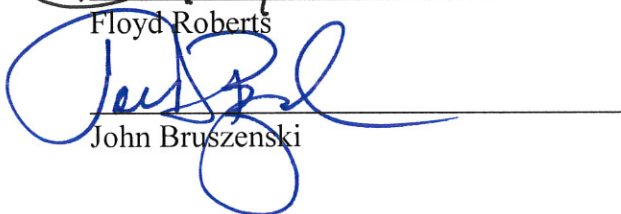
THESE MINUTES ARE APPROVED AS THE OFFICIAL MARCH 19, 2015  
MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY  
THE BOARD OF DIRECTORS SIGNING BELOW:

  
\_\_\_\_\_  
Kim Griffin

  
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Calvin Pollard

  
\_\_\_\_\_  
Doug Burrer

  
\_\_\_\_\_  
Floyd Roberts

  
\_\_\_\_\_  
John Bruszenski